

STATE OF SOUTH CAROLINA

(Caption of Case)

Joint Application of Haig Point, Inc. and CK
Materials, LLC for Approval of the Sale, Transfer of
Stock, Assets and Operating Authority of Haig Point
Utility Company, Inc.

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET
NUMBER: 2007 - 414 - C

(Please type or print)

Submitted by: John F. Beach

Address: Ellis, Lawhorne & Sims, PA

PO Box 2285

Columbia SC 29202

SC Bar Number: 595

Telephone: 803-343-1269

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Other:

Email: jbeach@ellislawhorne.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☒ Request for item to be placed on Commission's Agenda
expeditiously

☐ Other:

INDUSTRY (Check one)

- ☐ Electric
☐ Electric/Gas
☐ Electric/Telecommunications
☐ Electric/Water
☐ Electric/Water/Telecom.
☐ Electric/Water/Sewer
☐ Gas
☐ Railroad
☐ Sewer
☐ Telecommunications
☐ Transportation
☐ Water
☒ Water/Sewer
☐ Administrative Matter
☐ Other:

NATURE OF ACTION (Check all that apply)

- | | | |
|--|--|--|
| <input type="checkbox"/> Affidavit | <input type="checkbox"/> Letter | <input type="checkbox"/> Request |
| <input type="checkbox"/> Agreement | <input type="checkbox"/> Memorandum | <input type="checkbox"/> Request for Certification |
| <input type="checkbox"/> Answer | <input type="checkbox"/> Motion | <input type="checkbox"/> Request for Investigation |
| <input type="checkbox"/> Appellate Review | <input type="checkbox"/> Objection | <input type="checkbox"/> Resale Agreement |
| <input type="checkbox"/> Application | <input type="checkbox"/> Petition | <input type="checkbox"/> Resale Amendment |
| <input type="checkbox"/> Brief | <input type="checkbox"/> Petition for Reconsideration | <input type="checkbox"/> Reservation Letter |
| <input type="checkbox"/> Certificate | <input type="checkbox"/> Petition for Rulemaking | <input checked="" type="checkbox"/> Response |
| <input type="checkbox"/> Comments | <input type="checkbox"/> Petition for Rule to Show Cause | <input type="checkbox"/> Response to Discovery |
| <input type="checkbox"/> Complaint | <input type="checkbox"/> Petition to Intervene | <input type="checkbox"/> Return to Petition |
| <input type="checkbox"/> Consent Order | <input type="checkbox"/> Petition to Intervene Out of Time | <input type="checkbox"/> Stipulation |
| <input type="checkbox"/> Discovery | <input type="checkbox"/> Prefiled Testimony | <input type="checkbox"/> Subpoena |
| <input type="checkbox"/> Exhibit | <input type="checkbox"/> Promotion | <input type="checkbox"/> Tariff |
| <input type="checkbox"/> Expedited Consideration | <input type="checkbox"/> Proposed Order | <input type="checkbox"/> Other: |
| <input type="checkbox"/> Interconnection Agreement | <input type="checkbox"/> Protest | |
| <input type="checkbox"/> Interconnection Amendment | <input type="checkbox"/> Publisher's Affidavit | |
| <input type="checkbox"/> Late-Filed Exhibit | <input type="checkbox"/> Report | |

Print Form

Reset Form

ELLIS:LAWHORNE

John F. Beach
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jbeach@ellislawhorne.com

April 18, 2008

FILED ELECTRONICALLY

The Honorable Charles L.A. Terreni
Chief Clerk
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Joint Application of Haig Point, Inc. and CK Materials, LLC for Approval
of the Sale, Transfer of Stock, Assets and Operating Authority of Haig
Point Utility Company, Inc.
Docket No. 2007-414-W/S, ELS File No. 1030-11565

Dear Mr. Terreni:

Enclosed for filing is the **Response of Haig Point Club and Community Association, Inc.** filed in the above-referenced docket. Because this document contains very time-sensitive material in that the hearing in this docket is scheduled for next Thursday, April 24, 2008, please have this item placed on the agenda for next week's weekly meeting.

By copy of this letter, I am serving this document upon all parties of record and enclose my certificate of service to that effect. If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,



John F. Beach

JFB/cr

Enclosures

cc: Mr. Mark Nordman (via electronic and 1st class mail service)
Elaine Fowler, Esquire (via electronic and 1st class mail service)
All parties of record (via electronic and 1st class mail service)

DOCKET NO. 2007-414-W/S

**RESPONSE TO APPLICANTS' MOTION
TO DISMISS**

PROCEDURAL BACKGROUND

1. On November 15, 2007, Haig Point, Inc. and CK Materials, LLC (“Applicants”) filed a Joint Application for Approval for Approval of the Sale, Transfer of Stock, Assets and Operating Authority of Haig Point Utility Company, Inc. (“HPU”).

2. Haig Point Club and Community Association, Inc. (“HPCCA” or “Petitioner”) timely intervened in this docket on December 19, 2007. HPCCA’s petition clearly set out its vital interests in this Docket.

3. On February 26, 2008 HPCCA served its First Request for Production on CK Materials, LLC (“CK”), the proposed purchaser of the utility. The Request sought information regarding the technical, managerial, and financial fitness of CK to operate the water and wastewater utility.

4. On March 13, 2008, all parties conducted negotiations at the offices of the South Carolina Office of Regulatory Staff (“ORS”) in an effort to resolve the outstanding issues between the parties. At that meeting, HPCCA paid for its consulting engineer in this docket, Robert Burgin, to explain HPCCA’s concerns in detail.

5. On March 31, 2008, CK met with the HPCCA Board of Directors. Prior to that meeting, in order to convince HPCCA to negotiate with CK, CK affirmatively represented to HPCCA that if CK were not able to adequately address HPCCA’s concerns regarding CK’s operation of the utility, that CK would join HPCCA in a request that the hearing in this Docket be postponed to allow the HPCCA to file testimony in support of its position. HPCCA took part in the March 31. 2008 meeting based upon that understanding.

6. CK failed to respond to HPCCA’s First Request for Production by the 30-day

deadline of March 27, 2008. Because of the many unanswered questions, outstanding issues to be resolved and outstanding discovery issues, and because of the representations made by CK and described above, HPCAA did not file testimony. Petitioner filed a letter with the Commission on April 3, 2008 stating HPCCA would not file testimony on that date.

7. On April 4, 2008, CK served a “response” to HPCCA’s First Request for Production. This document was received by HPCCA on April 10, 2008. CK objected to every single discovery request and refused to provide a single document in response.

8. On April 14, 2008, Haig Point, Inc. and CK filed a Motion to Dismiss HPCAA as a party to this Docket. On the same date Haig Point, Inc. filed a Motion in Limine to exclude testimony that HPCAA might present at the hearing. In spite of the time sensitive nature of these motions, neither CK nor HPUC served the HPCCA by email (despite the fact that they were e-filed on the Commission’s DMS). HPCCA received these documents by regular mail service on April 17th.

ARGUMENT

THE COMMISSION MUST DENY THE APPLICANTS’ MOTION TO DISMISS

Applicants’ Motion to Dismiss HPCCA from this case is absolutely baseless. It is incredibly disingenuous of the Applicants to suggest in a pleading to this Commission that HCPAA’s position has not been conveyed to them. Applicants are well aware of HPCCA’s interest and position in this Docket. HPCAA first articulated its position to the Applicants at the meeting that took place at the South Carolina Office of Regulatory Staff on March 13, 2008.

Additionally, the HPCCA Board of Directors met with CK on March 31, 2008 to reiterate HPCAA’s concerns with the proposed transfer. Prior to that meeting, and in order to induce

HPCAA to negotiate (in view of the looming deadline of April 3rd for HPCAA to file direct testimony), CK made an affirmative representation to HPCAA that if CK was not able to address HPCAA's concerns, that CK would join HPCAA in requesting a continuance of the hearing in this Docket. The only reason HPCAA agreed to negotiate further was CK's promise that if HPCAA agreed to do so it would not be prejudiced in the event that the parties failed to resolve their differences.

HPCAA again articulated its position to CK in written correspondence dated April 3, 2008 that referenced the previous agreement between HPCAA and CK described above. (**Exhibit One**). However, by letter dated April 9, 2008, CK broke its promise, indicating that it would not agree to continue the case. (**Exhibit Two**). It is clear from this correspondence that CK made affirmative representations to HPCCA to induce HPCCA to negotiate rather than litigate, has gone back on its promise, and now seeks to use litigation tactics to punish HPCCA for its attempt to negotiate in good faith. The parties have obviously not resolved their differences, the date for filing testimony has passed, and CK has refused to join HPCAA in requesting a continuance.

Additionally, CK failed to provide discovery responses that would have enabled HPCAA to further develop its position by means of testimony. In particular, the "discovery responses" that HPCCA received from CK on April 10th (almost two weeks after these responses were due and one week after HPCCA's deadline to file direct testimony), consisted solely of objections. In fact, CK's "response" appears to only have been created in response to HPCCA's notice to the Commission that it would not file testimony: "We are in receipt of your letter dated April 3, 2008" Thus, CK is fully aware of the fact that it failed to respond to discovery until after

HPCCA's deadline to file testimony had passed.

As explained above, CK cannot support even a bare allegation that the Applicants lack knowledge of HPCCA's position. Therefore, Applicants Motion is reduced to an attempt to dismiss HPCCA from this case entirely based on the fact that HPCAA's Petition to Intervene does not *express* that position. If the issue is whether the Commission is aware of HPCCA's position, rest assured that HPCCA will make very clear its position on the proposed transfer during its participation in the hearing.

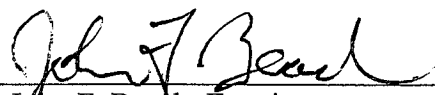
The Motion to Dismiss implies that the HPCCA should have filed testimony in order to articulate its position. The Commission's Rules contain no requirement that a party use testimony to advance its position at a hearing. Parties routinely participate in cases before the Commission by making arguments at the hearing, cross-examining the parties' witnesses, and/or providing post-hearing briefs. Applicants have not endeavored to articulate a compelling reason (or any basis whatsoever) for denying these fundamental due process rights to HPCCA.

Similarly, Applicants have not alleged that HPCCA's participation prejudices Applicants in any way. On the other hand, denying HPCCA the right to participate in the hearing would be the worst kind of unfair prejudice, particularly in view of the Applicants' actions. Apparently the Applicants would prefer to hear HPCAA's positions, ignore them, and then prevent the Commission from hearing them. HPCAA is unaware of a situation when the Commission has *ever* dismissed an intervenor from a contested case, much less a property owners' association whose water and wastewater services will be directly and substantially affected by a proposed transfer of control. For all the reasons described herein, the Commission must deny the Applicants' Motion to Dismiss.

WHEREFORE, Petitioner respectfully requests that the Commission issue an order denying the Applicants' Motion to Dismiss, and granting such other relief as is just and proper.

Respectfully submitted,

ELLIS, LAWHORNE & SIMS, P.A.

BY: 
John F. Beach, Esquire
John J. Pringle, Jr., Esquire
1501 Main Street, 5th Floor
Post Office Box 2285
Columbia, SC 29202
(803) 779-343-1269
jbeach@ellislawhorne.com

Attorneys for Haig Point Club and
Community Association, Inc. ("HPCCA")

April 18, 2008
Columbia, South Carolina

Exhibit One

ELLIS:LAWHORNE

John J. Pringle, Jr.
Direct dial: 803/343-1270
jpringle@ellislawhorne.com

April 3, 2008

VIA ELECTRONIC AND FIRST-CLASS MAIL SERVICE

Peter J. Strauss, Esquire
Novit & Scarminach, P.A.
The Jade Building, Suite 400
52 New Orleans Road
P.O. Drawer 14
Hilton Head Island, SC 29938

RE: Joint Application of Haig Point Utility Company, Inc. and CK
Materials, LLC for Approval of the Sale, Transfer of Stock, Assets
and Operating Authority of Haig Point Utility Company, Inc.
Docket No. 2007-414-W/S, ELS File No. 1030-11565

Dear Peter:

It appears that our clients met Monday to discuss a possible settlement of the Haig Point Club and Community Associations ("HPCCA's") concerns in this proceeding. Consistent with the discussions at that meeting, I am sending this letter seeking certain information, representations, and agreements from your client.

My client is moving forward with these negotiations in a good faith attempt to settle all matters at issue in this proceeding. My client has agreed, subject to the provisions set forth herein, not to file testimony on April 3, 2008, in exchange for your client's agreement that if we are unable to reach a settlement that is satisfactory to my client within a timeframe that is satisfactory to my client, upon my client's request, your client will immediately join my client in affirmatively requesting that the Commission postpone the hearing in this proceeding and accept initial testimony from HPCCA witnesses *after* the current April 3, 2008 deadline for HPCCA to file such testimony, and on a time schedule that allows HPCCA to develop such testimony.

In exchange for all agreements, representations and warranties set forth herein, HPCCA hereby agrees that if our clients are able to settle all of the matters set forth herein, HPCCA will withdraw any opposition to your client's transfer application. If, in my client's sole discretion, our clients are unable to settle all of the matters set forth herein, then HPCCA will assert and present evidence in support of whatever positions it deems appropriate, including possible opposition to your client's application.

In an effort toward maintaining clarity, I will try to address HPCCA's requests under specific subject headings. For the purposes of this letter and any associated responses and/or agreements, "Purchaser" shall mean CK Materials, LLC, Haig Point Utility Company, Inc. ("HPUC") and/or their members, stockholders, parents, affiliates, subsidiaries, employees and/or agents, including but not limited to Jamie J.

Karabinchak, and Jadwiga M. Karabinchak. "Seller" shall mean International Paper Realty Corporation, International Paper Realty Corporation of South Carolina, Haig Point, Inc., and/or their members, stockholders, parents, affiliates, subsidiaries, employees and/or agents.

1. Performance Bond:

Purchaser agrees that it will maintain and keep on file with the Commission two \$350,000 performance bonds: one for water and one for sewer. Purchaser agrees that these performance bonds will always be maintained with a commercial bonding and/or insurance entity possessing an A.M. Best Financial Strength Rating (or its equivalent) of A- or better.

Purchaser acknowledges that the current bond amounts are the maximum amount required by the Commission at this time. Should the Commission increase the maximum bond amount at any time, Purchaser agrees to increase both the water and sewer bond Purchaser has in place to that new maximum amount.

Purchaser agrees that in no event shall it or HPUC ever attempt to satisfy its bonding requirements through a personal or individual surety bond, or any other form of guaranty other than as set forth in the two immediately preceding paragraphs.

2. Ownership of CK Materials, LLC:

Purchaser represents and warrants that HPUC will be owned by CK Materials, LLC; that upon and following Commission approval, CK will be owned by Jamie Karabinchak, Terry Lee, and possibly two attorneys from New Jersey, David Hutt and Ron Shimanowitz; and that CK is currently owned entirely by the wife of Jamie Karabinchak, Jadwiga Karabinchak.

By the close of business Friday April 11, 2008, Purchaser shall provide to HPCCA's attorney:

a. federal income tax returns for tax years 2005, 2006 and, if they have been prepared, 2007 for the following:

1. Jamie Karabinchak;
2. the wife of Jamie Karabinchak Jadwiga Karabinchak;
3. CK Materials, LLC;
4. CK Holdings, LLC;
5. HPUC;
6. Terry Lee.

b. Operating Agreements for:

1. CK Materials, LLC;

2. CK Holdings, LLC.

3. Management of HPUC after transfer:

Much of your client's case in this proceeding is built upon the joint applicants' representations that Guastella Associates, Inc. ("Guastella") will be managing HPUC day-to-day. Your client has represented that Guastella's management will include helping to make strategic decisions on permitting, system management, maintenance, and upgrades. In this regard, please provide the following within three days of this letter:

- a. A confirmation of the annual cost to HPUC for all of Guastella's services;
- b. A statement disclosing the dollar amount of cost, if any, that Guastella's services will add to HPUC's current annual operating costs.

Purchaser also represents and warrants that Guastella will provide the day-to-day management services as represented, including making ongoing operational and strategic decisions on permitting, system management, maintenance, and upgrades.

Purchaser represents and warrants that it will continue to utilize the services of Guastella or equivalent expertise after approval of this transfer.

4. Water Availability:

- a. Purchaser represents and warrants that the pages attached as Exhibit A accurately depict Purchaser's estimates with regard to the matters set forth therein, and particularly with regard to Purchaser's projection of total HPUC water demand at build-out;
- b. Purchaser represents and warrants that, to the best of its knowledge, the current water tower at Haig Point is sufficient in size and construction to serve all HPUC customers at build-out. Purchaser represents and warrants that, in the event DHEC should determine at any time that additional storage capacity is necessary, Purchaser will construct such additional storage capacity as is necessary in order to satisfy all applicable regulatory needs;
- c. Purchaser represents and warrants that the purpose of the JPMorgan Letter of Credit issued November 7, 2003 in the amount of \$450,000 to Haig Point Club and Community Association, Inc. (the "LOC") is to guarantee the provision of adequate water service to HPCCA and its members at Build-Out. Purchaser hereby agrees that, on or before the closing of the purchase transaction that is the subject of this proceeding, it will have obtained a replacement LOC in the same amount and subject to the same terms and conditions as the current LOC. Furthermore, the replacement LOC shall specifically contain the Purchaser's obligation to provide adequate water service to HPCCA and its members at Build-Out as a condition thereof, pursuant to language approved by the HPCCA;

d. Purchaser hereby agrees that it will reserve exclusively for HPCCA and its members the total water volume "at Build-Out" (178.213 mGPY) represented in Exhibit A (hereinafter, the "HPCCA Reserved Water Volume"). Purchaser agrees that it will not provide water to any new or additional customers outside of the customers expressly listed in Exhibit A until it has secured sufficient water, including adequate water volume (through groundwater withdrawal or, if sufficient potable groundwater is unavailable for any reason, other potable water source) and storage to provide this HPCCA Reserved Water Volume;

e. Purchaser hereby agrees that, upon Commission approval of the Transfer, it will immediately inform DHEC - through a formal filing - of the contractual and regulatory commitment to reserve the HPCCA Reserved Water Volume as set forth above. Purchaser and HPCCA agree that DHEC shall have the independent right to enforce this contractual and regulatory commitment;

f. Purchaser hereby agrees, represents and warrants that, upon approval of this purchase, HPUC will receive all future quarterly water availability fees from lot owners within Haig Point, and that these receipts are to be treated as utility operating revenue in any future Commission rate proceedings. Purchaser further agrees, represents and warrants that its receipt of these availability fees, along with the consideration set forth herein, serve to create a reciprocal obligation on the part of Purchaser to immediately make water service available to every such lot owner when such lot owner ultimately builds a residence upon such lot and requests water service from HPUC.

5. Sewer Availability:

a. Purchaser agrees that it will reserve exclusively for HPCCA and its members the total sewer treatment capacity "at Build-Out" (178.213 mGPY) represented for water in Exhibit A (hereinafter, the "HPCCA Reserved Sewer Treatment Capacity"). Purchaser agrees that it will not provide sewer treatment to any new or additional customers outside of the customers expressly listed in Exhibit A until it has constructed sufficient sewer treatment capacity to provide this HPCCA Reserved Sewer Treatment Capacity.

b. Purchaser hereby agrees that, upon Commission approval of the Transfer, it will immediately inform DHEC - through a formal filing - of the contractual and regulatory commitment to reserve the HPCCA Reserved Sewer Treatment Capacity as set forth above. Purchaser and HPCCA agree that DHEC shall have the independent right to enforce this contractual and regulatory commitment.

6. Haig Point Trademark Issues:

Purchaser hereby agrees that, upon the Commission's approval of this Transfer, it will immediately change the name of HPUC to a name that does not contain the words "Haig Point" and it will immediately change its logo to something other than the Haig Point lighthouse. Purchaser hereby acknowledges and agrees that HPCCA is the sole owner of the name and trade or service mark depicted through the words "Haig Point" and the logo

Peter J. Strauss, Esquire

April 3, 2008

Page 5

depicting the Haig Point Lighthouse, and as further depicted in Exhibit B, and hereby relinquishes any and all rights that Purchaser may have otherwise had to these and all related or similar marks. Purchaser further agrees that it will not contest any effort by HPCCA to register, at either the state or federal level, these marks, and Purchaser will provide its independent consent to such registration upon request by HPCCA.

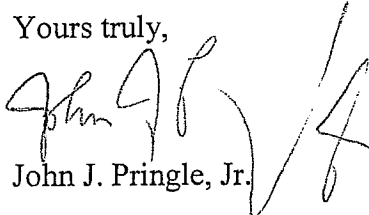
7. Miscellaneous.

- a. Purchaser hereby affirms and warrants that the total sales price it will pay for the purchase at issue in this proceeding is \$1.75 million;
- b. Purchaser and HPCCA hereby agree that all current and future members of the HPCCA are third party beneficiaries to the provisions set forth in this Agreement and/or any other resulting settlement between Purchase and HPCCA;
- c. Purchaser hereby warrants and affirms that the signatory to this letter Agreement is fully authorized to bind Purchaser to all provisions set forth herein;
- d. The parties agree that the terms hereof will be reduced to an Agreement that will be filed with the Commission in the pending Docket for approval by the Commission. The parties further agree to advocate for the Agreement's approval before the Commission and with the South Carolina Office of Regulatory Staff.

Please provide a written response to this letter on or before 3:00pm on Wednesday, April 9th.

With best regards, I am

Yours truly,


John J. Pringle, Jr.

cc: Mr. Mark Nordman
Elaine Fowler, Esquire

On behalf of the Purchaser, I hereby agree to all matters set forth herein

Purchaser

EXHIBIT A

Projection of Future Water Demand:

For the purposes of this calculation, SCHEC's water system design standards, which reference a four hundred (400) gallon per day contributory loading to all domestic wastewater treatment facilities [S.C. Reg. 61-67 (Appendix A)] are utilized.

Build-Out	Average Daily	Average Demand Annual	Demand
Haig Point:	735 Single Family Units	735(400GPD/unit)	107.310mGPY
	Clubhouse (Main)	1470(50GPD/member)	26.828mGPY
	Clubhouse (Beach)	1470(50GPD/member)	26.828mGPY
	Strachan Mansion	55(100GPD/rm)	2.008mGPY
	Inn	10(100GPD/rm)	.365mGPY
	Equestrian Center/ Fitness Center	735(50GPD/member)	13.414mGPY
	Maintenance/ Treatment Plant/ Comm.-Other	4(1000GPD)	1.460mGPY
Totals at Build-Out			178.213mGPY

These totals do not include the Daufuskie Elementary School, which has an average enrollment of approximately thirty (30) children and five (5) additional staff, at an average of fifteen (15) gallons per day per person, or the construction company previously mentioned. In addition, as previously mentioned HPUC has agreed to provide services to the Cedar Cove development. Subject to the terms and conditions thereof, the agreement requires HPUC to provide seventy-two hundred (7200) gallons of potable water per day. This equates to four hundred (400) gallons per day for each of eighteen (18) residential sites to be developed and a total of two million six hundred twenty eight thousand (2,628,000) million gallons per year.

Upgrade of Existing Facilities to Meet Future Water Demands:

The HUD issued to the purchasers of lots in Haig Point Plantation states that a water storage facility would be constructed which would “increase the capacity of the central water system to 725 units.”

The water and sewer service area maps and supporting documentation filed with SCDHEC show that HPUC will provide services to 735 (as opposed to 725) units within Haig Point Plantation and to three customers outside of Haig Point Plantation, the Mayfield Elementary School, the Thrift Construction site, and the Cedar Cove development (18 residential units). The water storage facility was designed by Thomas and Hutton Engineering Company and approved by DHEC with these additional demands in mind. In all, the service area, with the three additional sites listed above, requires a storage facility capable of storing 118,983 gallons of water. The storage tank as constructed and approved is capable of storing 125,000 gallons. Thus, it is more than sufficient to serve Haig Point Plantation at build-out in addition to the three small additional consumers.

EXHIBIT B

THERE ARE NO CARS HERE, *yet driving is inspired.*



*Live in Harmony.
Play in Peace.*

tranquil island hideaways



back-in-time carriage rides



Come to play in a place where 29 holes of highly acclaimed Rees Jones golf meander away from the Calibogue Sound through maritime forests, salt marshes and back again. Live amid the car-less, tree-lined lanes and vibrant diversions of a private island club where a quaint antebellum clubhouse, tennis courts, equestrian center, beach club and more bring members together in a world apart.



a dolphin escort home

(843) 686-2000 • www.haigpoint.com
Daufuskie Island, South Carolina

Exhibit Two

**NOVIT &
SCARMINACH, P. A.**

Attorneys at Law

CHARLES A. SCARMINACH*
DANIEL A. SAXON
PETER J. STRAUSS
LEIGHANNE KUBEC**

OF COUNSEL
ELIZABETH B. MAYO+
HERBERT L. NOVIT

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ALSO MEMBER NEW YORK BAR*
ALSO MEMBER OHIO BAR+
ALSO MEMBER CALIFORNIA AND
NEW YORK BAR**

RECEIVED

APR 11 2008

Ellis, Lawhorne
& Sims, PA

April 9, 2008

John J. Pringle, Jr., Esq.
1501 Main Street, 5th Floor
Post Office Box 2285
Columbia, SC 29202

RE: Joint Application of Haig Point Utility Company, Inc. and CK Materials, LLC
for Approval of the Sale, Transfer of Stock, Assets and Operating Authority of
Haig Point Utility Company, Inc.
Docket No. 2007-414-W/S

Dear Mr. Pringle:

We are in receipt of your letter dated April 3, 2008 in which you requested certain information, representations, and agreements, from my client, CK Materials, LLC.

With regards to the meeting held Monday, March 31, 2008 (the "Meeting") in which our clients met to discuss the possibility of settling certain issues as they pertain to the above referenced docket, my client appreciated the opportunity afforded by Haig Point Club and Community Association, Inc. ("HPCCA") to outline and detail the proposed transaction for the Approval of the Sale, Transfer of Stock, Assets and Operating Authority of Haig Point Utility Company, Inc. ("HPUC"). Furthermore, my client enjoyed being able to introduce John F. Guastella, the President of Guastella Associates, Inc. and proposed Manager of HPUC upon the Approval of the Sale, Transfer of Stock, Assets and Operating Authority of HPUC; as well as personally addressing HPCCA's concerns in the above referenced docket.

It was my client's belief that the meeting was productive and a large step towards settlement negotiations. To that end however, it appears that the requests as contained in your letter dated April 3, 2008 do not accurately reflect my client's understanding as to the information that would be needed in order to settle the matter prior to the scheduled hearing of April 24, 2008. In that regard, we will not join your client in affirmatively requesting that the Commission postpone the hearing in this proceeding and accept initial testimony from HPCCA witnesses after the current April 3, 2008 deadline for HPCCA to file such testimony. As we have stated on numerous occasions we would be more than happy to settle the matter prior to the hearing on a reasonable basis but is moving forward in anticipation of said hearing.

In specifically addressing the subject headings of your letter dated April 3, 2008, we offer the following information in the hopes that the information is sufficient to settle the matter:

1. Performance Bonds:

CK Materials, LLC agrees that it will maintain and keep on file with the Commission two \$350,000 performance bonds: one for water and one for sewer. CK Materials, LLC agrees that these performance bonds will always be maintained with a commercial bonding and/or insurance entity possessing an A.M. Best Financial Strength Rating (or its equivalent) of A- or better.

CK Materials, LLC acknowledges that the current bond amounts are the maximum amount required by the Commission at this time. Should the Commission increase the maximum bond amount at any time, CK Materials, LLC agrees to increase both the water and sewer bond CK Materials, LLC has in place to that new maximum amount.

CK Materials, LLC agrees that in no event shall it or HPUC ever attempt to satisfy its bonding requirements through a personal or individual surety bond, or any other form of guaranty other than as set forth in the two immediately preceding paragraphs.

2. Ownership of CK Materials, LLC:

CK Materials represents and warrants that HPUC will be owned by CK Materials, LLC. CK Materials, LLC will provide to HPCCA's attorney an Operating Agreement for CK Materials, LLC.

3. Management of HPUC after Transfer:

Guastella Associates, Inc. will be managing HPUC day-to-day. Management will include helping to make strategic decisions on permitting, system management, maintenance, and upgrades.

4. Water Availability:

CK Materials, LLC represents and warrants that, in the event DHEC should determine at any time that additional storage capacity is necessary, Purchaser will construct such additional storage capacity as is necessary in order to satisfy all applicable regulatory needs.

CK Materials, LLC will not represent and warrant that the purpose of the JPMorgan Letter of Credit issued November 7, 2003 in the amount of \$450,000 to Haig Point Club and Community Association, Inc. (the "LOC") is to guarantee the provision of adequate water service to HPCCA and its members at Build-Out. This was not at all, the purpose of such LOC. Therefore, CK Materials, LLC will not obtain a replacement LOC in the same amount and subject to the same terms and conditions as the current LOC.

CK Materials, LLC will not agree to reserve exclusively for HPCCA and its members the total water volume "at Build-Out" (178.213 mGPY) represented for water in Exhibit A of your letter dated April 3, 2008. This is beyond the available limits at present time. CK Materials, LLC cannot reserve that which it does not have.

CK Materials will fulfill its obligation to provide safe and adequate water to existing customers.

5. Sewer Availability:

CK Materials, LLC will not agree to reserve exclusively for HPCCA and its members the total sewer treatment capacity "at Build-Out" (178.213 mGPY) represented for water in Exhibit A of your letter dated April 3, 2008. This is beyond the available limits at present time. CK Materials, LLC cannot reserve that which it does not have.

CK Materials will fulfill its obligation to provide safe and adequate sewer to existing customers.

6. Haig Point Trademark Issues:

CK Materials, LLC hereby agrees that, upon the Commission's approval of this Transfer, it will change the name of HPUC in a timely fashion to a name that does not contain the words "Haig Point" and it will change its logo to something other than the Haig Point lighthouse in a timely fashion.

7. Miscellaneous:

CK Materials, LLC will not agree that all current and future members of the HPCCA are third party beneficiaries to the provisions set forth in this Agreement and/or any other resulting settlement between CK Materials, LLC and HPCCA. This is completely unacceptable to CK Materials, LLC.

We believe the above described information accurately addresses HPCCA's concerns and should prove to be satisfactory. We suggest you urge HPCCA to withdraw their opposition to our client's transfer application.

Sincerely,

NOVIT & SCARMINACH, P.A.



Peter J. Strauss, Esq.

cc: Laura J. Evans, Esquire
Mr. Jamie Karabinchak
Charles H. Scarminach, Esquire

April 18, 2008
Columbia, South Carolina